

# **THE LEONARD LETTER**

*A weekly electronic newsletter*

*Bill Leonard, Member*

*State Board of Equalization*

January 12, 2004

*"Be kind, for everyone you meet is fighting a hard battle."*

*Plato (429-347 BC)*

## **UNDER THE DOME**

### **\*\*\* The Basic Budget Question\*\*\***

I had just a couple simple questions about the Governor's budget proposal that came out on Friday, so I looked at every budget story I could find in the newspapers. No answers there, but lots of stories about slashing cuts. I went to the Department of Finance web site and waded through pages and pages of information. My question that no body seemed to want to answer was this: How much money did the state take in last year versus this year and how much are we spending last year versus this year? It is the basic question that every family and every business has to ask in order to even start making a budget.

The best that I can find is this: During the 2003-2004 year, which is just half over, we are spending at the rate of \$75 billion a year and we are taking in \$74.6 billion so we are still spending more money than we have and have to resort to borrowing.

During the 2004-2005 year, which is the first Schwarzenegger budget, we are proposing to spend \$79 billion-- a \$4 billion INCREASE in spending-- and we are expecting \$76 billion in revenue. To buy time to bring these expenditures under control, the Governor is proposing borrowing.

Those who wail and moan about the state budget must acknowledge that spending continues to increase. Revenues are not increasing fast enough to keep up with this insatiable demand. Governor Schwarzenegger has wisely said that his borrowing proposal is a one-time measure to give the Legislature time to bring things into balance or to give the people time to vote in the changes themselves.

### **\*\*\*Bustamante's Blunder\*\*\***

If Lt. Governor Cruz Bustamante had continued his rude lecturing of Governor Schwarzenegger at the State of State address for another 30 seconds, I think legislators would have rushed the podium to remove him. The Lt. Governor used what was to be a

brief introduction of the Governor to make his own campaign speech. It was rude and classless. I do not begrudge people from presenting their own opinions, but they should do it at their own event. The restlessness among legislators of both parties as Bustamante rambled on was visible. Like a skunk at the garden party, he could not leave fast enough, and I was so taken aback by his tone that I cannot remember what he said.

### **\*\*\*Wisdom to Wesson\*\*\***

I told Speaker Wesson that he missed an opportunity for a great inside joke. Last year Senate ProTempore John Burton was noticeably absent from Governor Davis's State of the State address. So Speaker Wesson introduced the Lt. Governor instead of introducing the Senate leader. When pressed by reporters later, Burton reported that traffic from San Francisco to Sacramento was unduly heavy and his arrival was delayed. He said this with a twinkle in his eye and nobody believed the story. This year Senator Burton was present and did his customary duty of introducing the Lt. Governor. Speaker Wesson should have taken public notice that the traffic on I-80 was light enough this year that Burton could attend Schwarzenegger's first State of the State address.

### **\*\*\* No Perks Here\*\*\***

Sometimes the perks of office are not all they are cracked up to be. I was honored to be included again in the State of the State tradition that includes Board of Equalization members being introduced to the audience and given a seat at the front of the Assembly chamber. However, my seat faced the legislators not the Governor and I was tucked below the rostrum so that I could not see the Governor even when I turned around. I listened to the Governor from a few feet away, but I watched him on an eight-inch television set that Assembly Chief Clerk Dotson Wilson had at the clerk's station. Thanks, Dotson, for the TV.

### **\*\*\* Were You Listening?\*\*\***

Of all the legislators in the Assembly chambers Tuesday evening listening to the Governor deliver his address, there were 23 Democrats who should have been paying particular attention. These 23 represent districts that voted for the Republican governor, despite having been drawn as "safe" Democrat seats. The voters in these areas are more likely to heed to the Governor's call to action and hold their Democrat Assemblymembers' feet to the fire on the reforms for which the Governor is calling.

Patty Berg, 1<sup>st</sup> District, Santa Rosa  
Barbara A. Matthews, 17<sup>th</sup> District, Stockton  
Rebecca Cohn, 24<sup>th</sup> District, Campbell  
Simon Salinas, 28<sup>th</sup> District, Salinas  
Nicole Parra, 30<sup>th</sup> District, Bakersfield  
Hannah-Beth Jackson 35<sup>th</sup> District, Santa Barbara  
Cindy Montañez, 39<sup>th</sup> District, Mission Hills  
Lloyd E. Levine, 40<sup>th</sup> District, Van Nuys

Fran Pavley, 41<sup>st</sup> District, Woodland Hills  
Dario Frommer 43<sup>rd</sup> District, Glendale  
Carol Liu, 44<sup>th</sup> District, Pasadena  
Judy Chu, 49<sup>th</sup> District, Monterey Park  
George Nakano, 53<sup>rd</sup> District, Torrance  
Alan Lowenthal, 54<sup>th</sup> District, Long Beach  
Jenny Oropeza, 55<sup>th</sup> District, Carson  
Rudy Bermudez, 56<sup>th</sup> District, Norwalk  
Ed Chavez, 57<sup>th</sup> District, Industry  
Ronald S. Calderon, 58<sup>th</sup> District, Montebello  
Gloria Negrete McLeod, 61<sup>st</sup> District, Pomona  
John Longville, 62<sup>nd</sup> District, San Bernardino  
Lou Correa, 69<sup>th</sup> District, Santa Ana  
Christine Kehoe, 76th District, San Diego  
Juan Vargas, 79th District, Chula Vista

## **CALIFORNIA DREAMIN'**

### **\*\*\*Radical Ideas\*\*\***

The Governor has asked legislators and state employees for ideas for improving state government and of those ideas, he said, “the more radical, the better.” I invite Leonard Letter readers to submit your radical ideas for reforming the state. I will feature some of them here and I will compile a list for the Governor’s review.

The first radical idea comes in a memo from my father, William E. Leonard, former chairman of both the State Highway Commission and the California Transportation Commission. He writes:

“I keep asking myself: why is Caltrans now staffed at over 23,000 employees when in the 1950s and ‘60s it only took 12,000 employees to build the freeway backbone system that was the envy of the world? In those days the local transportation agencies, for the most part, were the local chambers of commerce. The Highway Commission visited the county seats and major cities to get their input on needs. Obviously, this was at no cost to the state. Now we have over 70 transportation agencies.”

He suggests, and I concur, that as part of the Governor’s comprehensive review of state government practices and agencies, we ask the following questions and take the following actions:

“1. What is Caltrans doing now that they didn’t do in the early years with a much reduced staff?

“2. What activities now being performed by Caltrans can be eliminated, streamlined or passed on to the regional transportation agencies? For those that are mandated by the

Legislature and don't add to the integrity of the transportation system, propose legislation that will eliminate them. For those that are mandated by previous votes of the electorate or mandated by judicial action, place before the electorate initiatives to make the process more efficient for the purpose of providing adequate and efficient surface transportation projects. Don't mix up transportation needs with social agendas.

"3. Give to the regional transportation agencies a portion of the current state fuel tax, subject to a review of their policies and procedures, that would prove a better use of those funds. In the process of removing functions from Caltrans, cap the number of employees on the payroll. A removal of 8,000-10,000 personnel would do wonders in streamlining the organization. Possibly the only activities that Caltrans would keep would be maintenance and safety projects on the mainline system, plus the funneling of federal funds to the individual transportation agencies."

## MISCELLANY

### \*\*\*Three More Words to Know\*\*\*

Each week, the Leonard Letter features a few of the words from a list of 100 words that some educators say every high school student should know. The full list may be viewed at [http://www.houghtonmifflinbooks.com/booksellers/press\\_release/100words/](http://www.houghtonmifflinbooks.com/booksellers/press_release/100words/).

91. Unctuous (adj) --- Characterized by affected, exaggerated, or insincere earnestness; of the nature or quality of an unguent or ointment; fatty; oily; greasy: *Lt. Gov. Bustamante could not even manage an unctuous treatment of Governor Schwarzenegger at the State of the State; he treated the Governor with a critical and ungracious manner.*

92. Usurp (v) --- To seize and hold (the power or rights of another, for example) by force and without legal authority: *Some legislators believe the Governor usurped their authority in his executive order backfill the car tax revenues to local governments.*

93. Vacuous (adj) --- Devoid of matter; empty; lacking intelligence; stupid; devoid of substance or meaning; inane: *Californians are anticipating a budget debate that is serious and substantive, not vacuous discussions of pat positions with no attempts to find common ground.*

## BOE AND LEGISLATIVE DATES

**January 19, 2004** --- Rev. Martin Luther King, Jr. holiday.

**January 27, 2004** --- BoE meets in Sacramento.

**January 31, 2004** --- Last day for bills introduced in 2003 to pass their house of origin.

**February 20, 2004** --- Last day to introduce bills this session.

## **NOTABLE DATES/ HISTORY**

**January 12, 1773** --- First public museum in the U.S. is established in Charleston, SC

**January 13, 1982** --- 78 people die in Washington, DC, when an Air Florida 737 crashes into a Potomac River bridge after takeoff

**January 13, 1799** --- Two stars and two stripes are added to the U.S. flag, honoring the admission of Vermont and Kentucky to the union. (The new stripes were later removed, restoring the total to 13.)

**January 14, 1784** --- Revolutionary War ends; Congress ratifies the Treaty of Paris

**January 14, 1878** --- U.S. Supreme Court rules race separation on trains unconstitutional

**January 14, 1914** --- Henry Ford introduces assembly line, for T-Fords

**January 15, 1943** --- 1,000 workers complete the air conditioning system for the Pentagon

**January 15, 1943** --- Japanese driven off Guadalcanal

**January 15, 1973** --- President Nixon suspends all US offensive action in North Vietnam

**January 15, 1974** --- Expert panel reports 18½-m gap in Watergate tape, 5 separate erasures

**January 16, 1919** --- Prohibition ratified by 3/4 of the states; Nebraska is 36th

**January 17, 1994** --- 6.6 Earthquake hits Los Angeles killing 60, \$30B in damage

**January 18, 1777** --- San Jose, CA founded

## **GENERAL TAX INFORMATION**

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115

TDD service for the hearing impaired

TDD phones: 800-735-2929

Voice phones: 800-735-2922

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